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TO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
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RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
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RUEHAK/AMEMBASSY ANKARA PRIORITY 3582
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RUEKJCS/SECDEF WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY
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C O N F I D E N T I A L ASHGABAT 000415

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E.O. 12958: DECL: 04/03/2018
TAGS: [PREL](#) [EPET](#) [EINV](#) [TX](#)
SUBJECT: TURKMENISTAN: CHEVRON GETTING A HEARING

REF: ASHGABAT 0338

Classified By: CDA Richard E. Hoagland: 1.4(B), (D).

¶1. (C) Chevron's Turkmenistan Country Manager, Doug Uchikura, told EmbOff April 2 that, following his March 11 submission of a detailed bid to drill flow the salt in the Amu Darya basin (refTel), he had a "very positive" one-on-one meeting with the Executive Director of the State Agency for Management and Use of Hydrocarbon Resources, Byrammurat Muradov. Muradov said he was "very excited" about the proposal and agreed to set up a two-hour meeting with representatives of other relevant hydrocarbon agencies, including the Ministry of Oil and Gas, Turkmengeology and Turkmengaz, to allow Uchikura and a panel of Chevron experts to walk officials through the details of Chevron's proposal. (NOTE: Uchikura originally had planned to also discuss a Wood-McKenzie report that Chevron had commissioned and passed to the Government at the same time as the bid. However, problems getting Letters of Invitation (LOIs) for the report experts in time for the April 5 meeting has led Uchikura to decide to limit the meeting to discussion of the proposal. Uchikura told EmbOff during a follow-up call April 3 that he thinks the decision to postpone a discussion of the Wood-McKenzie report is "for the best," since it will allow more time to discuss the bid proposal in detail. END NOTE.) At Muradov's suggestion, Chevron's team is focusing on making the case for why foreign major petroleum companies should be allowed to drill onshore -- and on what Chevron can bring to the table that other firms cannot.

¶2. (C) Uchikura said Chevron is a sponsor of the April 17-18 "Oil and Gas in Turkmenistan" conference that the UK government is hosting in London. Nevertheless, it is slowly being "squeezed out" since a decision by Turkmenistan's hydrocarbon officials to shorten their stay has led to rejiggering of the schedule in order to ensure that BP maintains the most prominent role during the conference. Specifically, conference organizers have asked Chevron to

sponsor a lunch, rather than the dinner that it had originally signed up to host. Likewise, a planned trip to Aberdeen so that officials can see Chevron's new Energy Technology Center has been cancelled. Uchikura is disappointed but philosophical about these changes.

13. (C) COMMENT: Post agrees that the decision to postpone discussion of the Wood-McKenzie report is a good idea, since Muradov indicated to the Charge during a recent meeting that he simply did not understand the report. This lack of understanding of world-class hydrocarbon operations extends beyond the State Agency and may even be contributing, in part, to Turkmenistan's "go-it-alone" thinking about onshore development. (Most western experts agree that Turkmenistan does not have the financial resources -- one expert recently suggested that annual costs to develop sub-salt reserves could reach \$20-30 billion per year for the next several years -- human capacity or technology needed for such a route.) Even focusing just on Chevron's proposal could prove to be a real challenge. Q COMMENT.
HOAGLAND